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April 24, 2000

**VIA OVERNIGHT DELIVERY**

K. David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243

REC'D TN  
COMM. DIV.  
APR 25 PM 2 23  
EXECUTIVE SECRETARY

00-00274

RE: Additional Information Request in the Application of Arbros Communications  
Licensing Company S.E., LLC for a Certificate of Public Convenience and  
Necessity

Dear Mr. Waddell:

In response to the Commission's request for additional information in the application of Arbros Communications Licensing Company S.E., LLC for a Certificate of Public Convenience and Necessity originally filed on March 31, 2000, enclosed are the original and thirteen (13) copies of the responses.

Please date-stamp the extra copy of this filing, and return it in the enclosed stamped envelope. Should you have any questions regarding this matter, please do not hesitate to contact me.

Respectfully submitted,

Chris Tran  
Manager, Regulatory Affairs

Encl.

POSTED  
4-26-00

Arbros Communications Licensing Company S.E., LLC

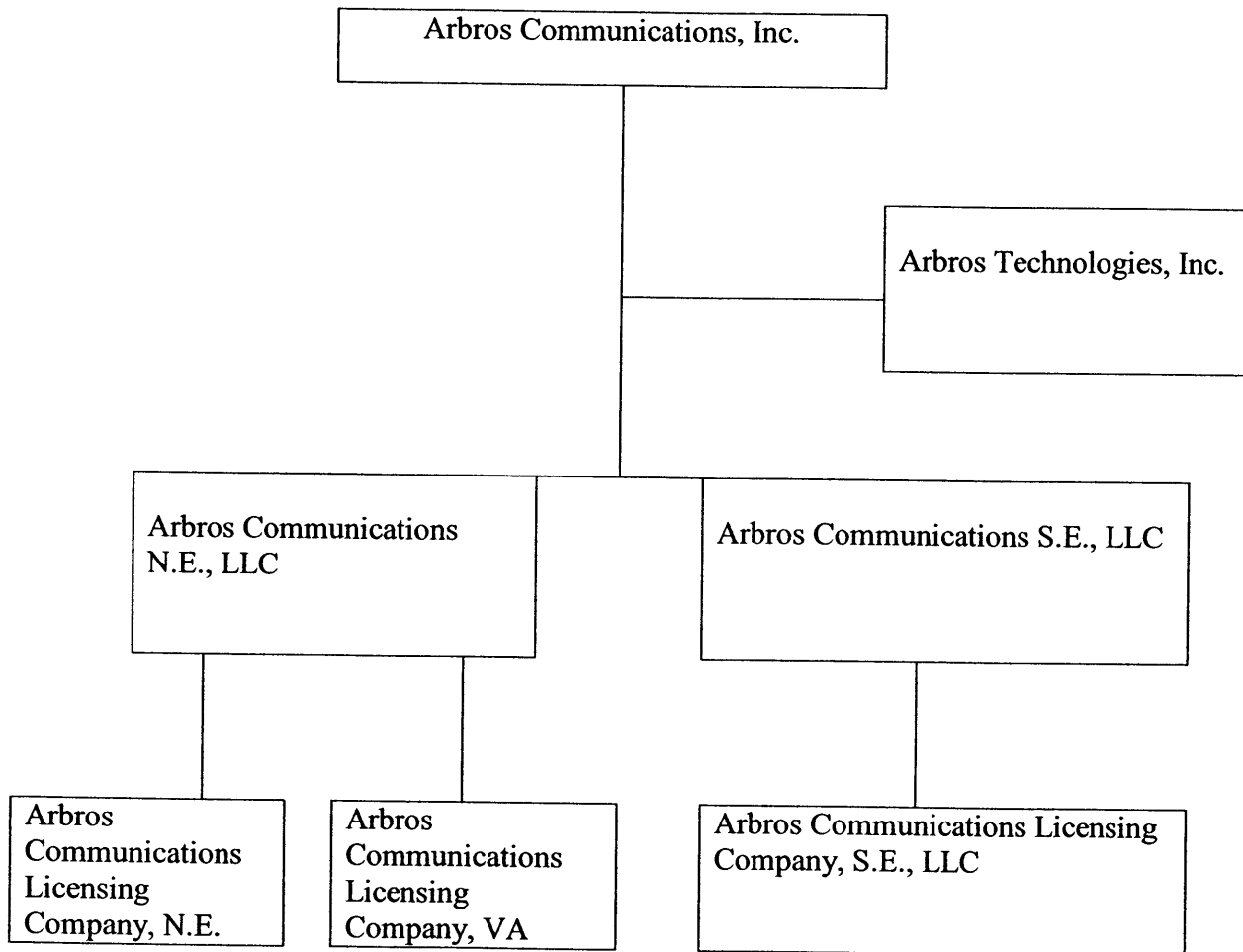
Information Request

Respondent: Robert F. X. Condon, Director of Regulatory Affairs, Assist. Secretary

Date: April 21, 2000

Question: Provide an organizational chart of the corporate structure.

Response:



Arbros Communications Licensing Company S.E., LLC

Information Request

Respondent: Robert F. X. Condon, Director of Regulatory Affairs, Assist. Secretary  
Jim Kees, Acting Network Operations Center Manager

Date: April 21, 2000

Question: Technical qualifications:

Provide the following information regarding the proposed network data:

1. Provide the geographic area coverage: Nashville, Memphis, Knoxville, entire state, etc. Specify areas which will be excluded.
2. Location of switched – i.e., cities.
3. State if there are any CPE (Customer Premise Equipment) requirements that would not be compatible with an incumbent carrier.
4. Repair and maintenance information.
  - a. Ensure customer service will meet the needs of the customer.
  - b. Phone number for repair and maintenance (customer service).
  - c. Address for written communication of repair and maintenance.
  - d. Name and address of Tennessee contact person responsible for and knowledgeable about the provider's operations.

Response:

1. Arbros intends to provide competitive facilities-based and resold local exchange and long distance telecommunications services on a statewide basis except in areas precluded from competition, if any.
2. Arbros currently does not have any switches or facilities in Tennessee.
3. Arbros does not have any CPE requirements that would not be compatible with an incumbent carrier's equipment.
- 4.a. The Customer can notify the Company of any disputed items on an invoice within 30 days of receipt of the invoice. Customers may reach the Company through its Customer Service Department at 1-877-627-2767, available 9 – 5, M – F, all other times available through voicemail. These customer service representatives will handle complaints or questions raised by customers. Arbros is developing systems to track customer complaints and to process them in a timely manner. The Customer has the option to address concerns with the Tennessee Regulatory Authority at 460 James Robertson Parkway Nashville, TN 37243.
- 4.b. The phone number for repair and maintenance is 1-877-3ARBROS (327-2767).
- 4.c. The address for written communication of repair and maintenance is 8181 Professional Place, Suite 150, Landover, Maryland 20785.
- 4.d. The contact person responsible for and knowledgeable about the Company's operations in Tennessee is Robert F.X. Condon. His mailing address is 1100 Wayne Avenue, 8<sup>th</sup> Floor, Silver Spring, Maryland 20910.

Arbros Communications Licensing Company S.E., LLC

Information Request

Respondent: Jeff Hamet, Vice President of Finance and Corporate Controller

Date: April 21, 2000

Question: Financial qualifications:

Provide the following information:

1. Projected financial statements (three years) (Balance sheet, Income statement and Statement of cash flows).
2. Provide three years of Capital Cost Budget
  - a. Equipment to be deployed
  - b. Cost of Equipment
  - c. Sources of funding the Tennessee network, equipment, and UNEs: cash, loan commitments, vendor credits, letters of credit, etc. (complete detail)
3. Please quantify amounts included (if any) in the financial statements and projections relating to reciprocal compensation for terminating ISP traffic.

Response:

1. Refer to Attachment A for the 3-year projected financial statements of Arbros Communications Inc. for the Tennessee operations.
2. Refer to Attachment B for the 3-year capital cost budget of Arbros Communications Inc. for the Tennessee operations.
3. Reciprocal compensation been included as revenue in the accompanying income statement in Attachment A.

Arbros Communications Licensing Company S.E., LLC

Information Request

Respondent: Robert F. X. Condon, Director of Regulatory Affairs, Assist. Secretary

Date: April 21, 2000

Question:

Provide the following information:

1. Sworn pre-filed testimony is needed for CLEC applications. This testimony should describe the services to be provided, the applicant's technical, managerial, and financial abilities to provide the services and affirm that all information submitted is true and correct.
2. Notice of filing to all eighteen ILECs of Arbros' application and the type of CCN requested.
3. If the Applicant has been involved in any mergers, acquisitions, etc., please provide a chart showing the applicant's corporate structure.
4. Identify all complaints filed with state and federal regulatory agencies involving your company or affiliated entities. Identify the nature of the complaint, which governmental agency or office received the complaint, and how was the complaint resolved?

Response:

1. Refer to Attachment C.
2. Refer to Attachment D.
3. Arbros has not been involved in any mergers, acquisitions, etc.
4. Neither Arbros nor any of its affiliates have had any complaints filed with any state or federal regulatory agencies.

Arbros Communications Licensing Company S.E., LLC

Information Request

Attachment A

# ARBROS - Tennessee Operations

## Three Year Balance Sheet

	As of December 31,		
	2000	2001	2002
<b>ASSETS</b>			
Cash	\$ -	\$ 6,500,000	\$ 1,250,000
Other current assets	-	200,000	1,000,000
Total current assets	-	6,700,000	2,250,000
Property and equipment, net	-	6,750,000	7,725,000
Total assets	\$ -	\$ 13,450,000	\$ 9,975,000

### LIABILITIES AND STOCKHOLDERS EQUITY

Current liabilities	\$ -	\$ 200,000	\$ 1,050,000
Long-term debt	-	20,000,000	5,000,000
Total liabilities	-	20,200,000	6,050,000
Capital stock	-	-	-
Accumulated deficit	-	(6,750,000)	(16,025,000)
Total stockholders equity	-	(6,750,000)	(16,025,000)
Total liabilities and stockholders equity	\$ -	\$ 13,450,000	\$ (9,975,000)

**ARBROS - Tennessee Operations**  
**Three Year Cash Flow Projections**

	Year Ended December 31,		
	2000	2001	2002
<b>OPERATING ACTIVITIES:</b>			
Earnings before interest, taxes, depreciation and amortization	\$ -	\$ (6,000,000)	\$ (7,500,000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	-	(6,000,000)	(7,500,000)
<b>INVESTING ACTIVITIES:</b>			
Purchase of capital equipment	-	(7,500,000)	(2,750,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	(7,500,000)	(2,750,000)
<b>FINANCING ACTIVITIES:</b>			
Issuance/(repayment) of subordinated debentures	-	20,000,000	5,000,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	20,000,000	5,000,000
Cash balance, beginning of year	-	-	6,500,000
Net increase (decrease) in cash	-	6,500,000	(5,250,000)
Cash balance, end of year	\$ -	\$ 6,500,000	\$ 1,250,000



# ARBROS - Tennessee Operations

## Three Year Financial Projections

	Year Ended December 31,		
	2000	2001	2002
<b>Revenue</b>	\$ -	\$1,000,000	\$5,000,000
<b>Operating Expenses:</b>			
Network operating	-	5,000,000	10,000,000
Selling, general and administrative	-	2,000,000	2,500,000
Depreciation and amortization	-	750,000	1,775,000
<b>Total operating expenses</b>	-	7,750,000	14,275,000
<b>Net Loss</b>	\$ -	\$ (6,750,000)	\$ (9,275,000)

Arbros Communications Licensing Company S.E., LLC

Information Request

Attachment B

**ARBROS - Tennessee Operations**  
**Three Year Detail of Capital Expenditures**

	Year Ended December 31,		
	2000	2001	2002
<b>Switch costs</b>	\$ -	\$2,500,000	\$2,000,000
<b>Colocation costs:</b>			
Equipment	-	3,000,000	500,000
Bell Atlantic fees	-	1,000,000	-
<b>Other</b>	-	1,000,000	250,000
<b>Total</b>	<u>\$ -</u>	<u>\$7,500,000</u>	<u>\$2,750,000</u>

Arbros Communications Licensing Company S.E., LLC

Information Request

Attachment C

**STATE OF TENNESSEE**

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

<b>In re Application of</b>	)	
	)	
<b>ARBROS COMMUNICATIONS</b>	)	
<b>LICENSING COMPANY, SE, LLC</b>	)	
	)	<b>Docket No.</b>
<b>For a Certificate of Public Convenience</b>	)	
<b>And Necessity to Provide Competing</b>	)	
<b>[TYPE OF AUTHORITY REQUESTED]</b>	)	
<b>In the State of Tennessee</b>	)	

**PRE-FILED TESTIMONY OF**

**ROBERT F.X. CONDON  
DIRECTOR OF REGULATORY AFFAIRS AND  
ASSISTANT SECRETARY  
ARBROS COMMUNICATIONS, INC.**

**INTRODUCTION**

- Q. Please state your name, title and business address and telephone number for the record.**
- A. My name is Robert F.X. Condon. I am the Director of Regulatory Affairs and Assistant Secretary. I am located at 1100 Wayne Avenue, 8<sup>th</sup> Floor, Silver Spring, Maryland and can be reached directly at 301-960-0544.**
- Q. Please give a brief description of your background and experience.**
- A. I have 11 years of experience in the telecommunications industry, most significantly in the legal/regulatory arena. As legal assistant in two of the most prolific telecommunications practices in the Washington D.C. area, I represented the interests of a multitude of clients in many different subsets of the telecommunications industry.**

Most recently I managed the national rollout of WinStar Communications, Inc. as Manager of Regulatory Affairs with respect to licensing, tariffing, reporting and compliance.

### **PURPOSE AND SUMMARY**

**Q. Have you provided testimony before the Tennessee Regulatory Authority (“TRA”) on any other occasion?**

**A. No.**

**Q. On whose behalf are you testifying in this proceeding?**

**A. I am testifying on behalf of Arbros Communications Licensing Company S.E., LLC. (“ACLC”).**

**Q. What is the purpose of your testimony?**

**A. The purpose of my testimony is to support the Application of Arbros Communications Licensing Company SE, LLC to provide Facilities-Based and Resold Local Exchange and Long Distance Telecommunications Service in the State of Tennessee (“Application”) by presenting evidence regarding the corporate authority and the financial, managerial and technical capabilities of ACLC, describing its proposed services, and discussing the benefits of ACLC’s proposed services for members of the Tennessee public.**

**Q. Please summarize the main points of your testimony.**

**A. My testimony will address the following key issues:**

- A description of Application;
- A description of Applicant;
- A description of Applicant’s financial qualifications;
- A description of Applicant’s managerial qualifications;
- A description of Applicant’s customer service qualifications;
- The reasons why approval of this Application is in the public interest;

### APPLICATION AND AMENDMENTS

**Q. Are you familiar with the Application that ACLC filed with the TRA on March 31, 2000 for a Certificate of Public Convenience and Necessity to Provide Competing Facilities-Based and Resold Local Exchange and Long Distance Telecommunications Service in the State of Tennessee?**

**A. Yes.**

**Q. Do you ratify and confirm the statements that are made in ACLC's application and supplement thereto?**

**A. Yes.**

**Q. Do you wish to make any changes to any statements that are made in ACLC's application and supplement thereto?**

**A. No.**

**Q. Are there any other changes that you wish to make to any statements that are made in ACLC's application and supplement thereto?**

**A. No.**

**Q. Please describe the authority that ACLC seeks by its Application.**

**A.** By its Application, ACLC seeks the authority to provide facilities-based and resold local exchange and interexchange telecommunications services throughout the State of Tennessee in areas currently served by the incumbent local exchange company. Specifically, ACLC initially intends to offer high-speed data transmission services. Eventually ACLC intends to offer a full array of local exchange and long distance services to business and residential customers in Tennessee.

**Q. Is ACLC incorporated in the State of Tennessee?**

**A.** No. The company is a Delaware corporation that has obtained authority to transact

business within the State of Tennessee.

**Q. Please provide a brief description of the Applicant and its corporate structure.**

A. Linsang Partners, LLC is the sole equity owner of Arbros Communications, Inc., (“Arbros Communications”) which in turn is the ultimate corporate parent of ACLC.

**Q. Has ACLC applied for any other telecommunications authority from this Commission?**

A. No.

**Q. Does ACLC and/or its affiliates hold Certificates of Authority in other jurisdictions?**

A. Yes. While Arbros Communications Licensing Company S.E., LLC does not have the authority to operate as a competitive local exchange company in any states, its sister companies, Arbros Communications Licensing Company, N.E. and Arbros Communications Licensing Company, Virginia, have authority to operate as local exchange companies.

Arbros Communications Licensing Company, N.E. has applications pending in the States of Connecticut and Maine.

Arbros Communications Licensing Company, N.E. has received authorization to provide local exchange services in the states of Delaware, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and the District of Columbia.

Arbros Communications Licensing Company, Virginia has received authorization to provide local exchange service in Virginia.

**Q. Has ACLC entered into an interconnection agreement with BellSouth or any other incumbent local exchange carrier in Tennessee?**



A. No.

**Q. How will ACLC's customers contact the Company regarding trouble reports, billing errors and complaints?**

A. ACLC intends to provide a toll-free number for its Customer Service Department at 1-877-627-2767, available 9 – 5, M – F, all other times available through voicemail for use by its customers who need to contact ACLC's customer service personnel. These customer service representatives will handle complaints or questions raised by customers. ACLC is developing systems to track customer complaints and to process them in a timely manner. A full description of the Applicant's customer service plan including its policies on billing, payments, deposits, termination policies and late payment charge is included in its illustrative intrastate tariff submitted with its original application.

**Q. Does the Applicant have a business office in Tennessee?**

A. No.

**Q. Does the Applicant have a Small and Minority-Owned Telecommunications Business Participation Plan in the State of Tennessee, as required by T.C.A. § 65-5-212?**

A. Yes. The plan was file with ACLC's original application.

#### **FINANCIAL QUALIFICATIONS**

**Q. Is ACLC financially qualified to provide the services it proposes to offer within the State of Tennessee?**

A. Yes. ACLC will rely on its ultimate corporate parent to provide the financial resources necessary to support its Tennessee operations. As is evident from the audited financial

statements of Arbros Communications, Inc. ("ACI") (the ultimate corporate parent of ACLC) submitted with ACLC's application, it has the necessary financial resources to support the telecommunications services described in its Application, and to finance the operations of ACLC, in order to maintain the provision of these services. As demonstrated in its Cash Flow statement, ACI has access to ample capital, provided through privately-placed investment, to fund the construction and operation of ACLC's telecommunications network in Tennessee, and to meet any lease and ownership obligations associated with its provision of local exchange and interexchange telecommunications services in Tennessee.

### **MANAGERIAL QUALIFICATIONS**

**Q. Is ACLC managerially qualified to provide the services it proposes within the State of Tennessee?**

**A.** Yes. ACLC is well-qualified to provide the competitive local exchange and long distance telecommunications services requested in this Application. ACLC will rely on the substantial experience and expertise in the telecommunications industry of the senior management team of its parent company, Arbros Communications, to construct and operate the Company's local and inter-exchange network in Tennessee.

**Q. Is ACLC technically qualified to provide the services it proposes within the State of Tennessee?**

**A.** Yes. ACLC will also rely on the significant technical expertise and experience of its senior management to support the technical aspects of its business plan in Tennessee

**Q. Briefly describe how approval of ACLC's Application is in the public interest.**

**A.** Approval of ACLC's Application is in the public interest for several reasons. First, such approval is in the public interest because, as demonstrated both in the Application and in this testimony, ACLC is well-qualified, financially, managerially and technologically, to serve as a competitive local exchange and long distance services carrier in the State of Tennessee. Second, approval of ACLC's Application will increase competition in the market for business telecommunications services in the State of Tennessee, leading to downward pressure on prices, more innovative service offerings, and better overall service quality for Tennessee customers.

**Q. Does this conclude your testimony at this time?**

**A.** Yes, it does.

**VERIFICATION**

State of Maryland )  
County of Montgomery )

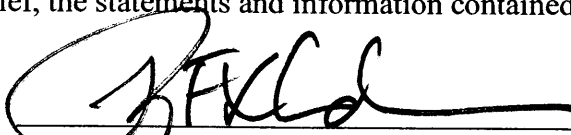
ss.

**Robert F.X. Condon**, Affiant, being duly sworn according to law, deposes and says:

That [he/she] is the Assistant Secretary (Office of Affiant) of **Arbros Communications, Inc.**;

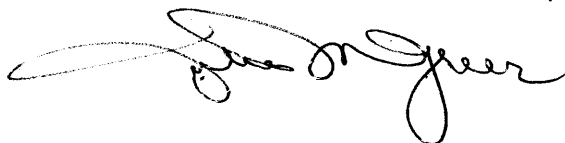
That [he/she] authorized to testify on behalf of said corporation;

That [he/she] has caused the foregoing written testimony to be prepared on her behalf, that [he/she] has read the foregoing testimony and knows the contents thereof, and that, to the best of [her/his] knowledge, information, and belief, the statements and information contained in this testimony are true and correct.



**Robert F.X. Condon**  
**Director of Regulatory Affairs and**  
**Assistant Secretary**  
**Arbros Communications, Inc.**

Sworn and subscribed before me this 24<sup>th</sup> day of April, 2000.



Arbros Communications Licensing Company S.E., LLC

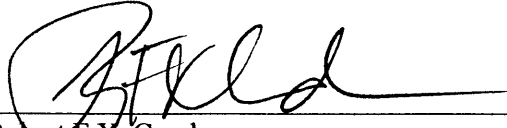
Information Request

Attachment D

### CERTIFICATE OF SERVICE

I, Robert F.X. Condon, Director of Regulatory Affairs, hereby certify that I have this day served notice of the Arbros Communications Licensing Company S.E., LLC Application for Certificate of Public Convenience and Necessity to Provide Facilities-Based and Resold Local Exchange and Long Distance Telecommunications Service in the State of Tennessee on the entities listed below by first-class mail.

This is the 24th day of April, 2000.

  
Robert F.X. Condon  
Director of Regulatory Affairs, Assistant Secretary

Ardmore Telephone Company, Inc. P.O. Box 549 517 Ardmore Avenue Ardmore, TN 38449	BellSouth 333 Commerce Street Nashville, TN 37201-3300
Century Telephone of Adamsville P.O. Box 405 116 N. Oak Street Adamsville, TN 38310	Century Telephone of Claiborne P.O. Box 100 507 Main Street New Tazewell, TN 37825
Century Telephone of Ooltewah-Collegedale, Inc. P.O. Box 782 5616 Main Street Ooltewah, TN 37363	Citizens Communications Company of Tennessee P.O. Box 770 300 Bland Street Bluefield, WV 24701
Citizens Communications Co. of the Volunteer State P.O. Box 770 300 Bland Street Bluefield, WV 24701	Loretto Telephone Company, Inc. P.O. Box 130 Loretto, TN 38469
Millington Telephone Company, Inc. 4880 Navy Road Millington, TN 38053	Sprint-United 112 Sixth Street Bristol, TN 37620
TDS Telecom-Concord Telephone Exchange, Inc. P.O. Box 22610 701 Concord Road Knoxville, TN 37933-0610	TDS Telecom-Humphreys County Telephone Co P.O. Box 552 203 Long Street New Johnsonville, TN 37134-0552
TDS Telecom-Tellico Telephone Company, Inc. P.O. Box 9 102 Spence Street Tellico Plains, TN 37385-0009	TDS Telecom-Tennessee Telephone Company P.O. Box 18139 Knoxville, TN 37928-2139
TEC-Crockett Telephone Company, Inc. P.O. Box 7 Friendship, TN 38034	TEC-People's Telephone Company, Inc. P.O. Box 310 Erin, TN 37061
TEC-West Tennessee Telephone Company, Inc. P.O. Box 10 244 E. Main Street Bradford, TN 38316	United Telephone Company P.O. Box 38 120 Taylor Street Chapel Hill, TN 37034